

## Frequently Asked Questions (FAQs)

Investment in Foreign Currency Asset (Notice 3)	
Questions	Answers
<b><i>Investment in foreign currency asset by a resident individual</i></b>	
1. Is a resident individual without domestic ringgit borrowing subject to the investment in foreign currency (FC) asset limit?	<ul style="list-style-type: none"> <li>No. A resident without domestic ringgit borrowing is free to invest <b>any amount</b> in FC asset onshore and offshore.</li> </ul>
2. If a resident individual has domestic ringgit borrowing, how much can the individual invest in FC asset onshore and offshore?	<ul style="list-style-type: none"> <li>A resident individual with domestic ringgit borrowing can invest in FC asset onshore and offshore <b>up to RM1 million equivalent in aggregate per calendar year</b>.</li> </ul> <p><b>Note:</b></p> <ul style="list-style-type: none"> <li>Domestic ringgit borrowing refers to any borrowing in ringgit obtained by a resident from another resident <b>excluding</b> one (1) housing loan and one (1) vehicle loan.</li> <li>Please refer to the “Preamble and Interpretation” document on the definition of ‘borrowing’, ‘domestic ringgit borrowing’, ‘FC asset onshore’ and ‘FC asset offshore’.</li> </ul>
3. If a resident individual has <b>more than one (1)</b> housing loan or vehicle loan, is the resident individual deemed as having domestic ringgit borrowing?	<ul style="list-style-type: none"> <li>Yes.</li> </ul>
4. How does a resident individual with domestic ringgit borrowing compute his or her total investment in FC asset limit?	<ul style="list-style-type: none"> <li>The investment in FC asset limit is based on the <b>aggregate</b> amount of investment in FC asset onshore and offshore per calendar year undertaken by the resident individual.</li> </ul>
<b><i>Purchase of real estate abroad by a resident individual</i></b>	
5. Can a resident individual with domestic ringgit borrowing freely purchase a property abroad for a <b>close friend</b> who intends to obtain an education, employment or to migrate outside Malaysia?	<ul style="list-style-type: none"> <li>No. A resident individual can only purchase the property abroad for their own account or immediate family members only under the permitted purposes i.e. education, employment or migration outside Malaysia.</li> </ul>
6. What are the documents required for a resident individual to purchase a property abroad for migration purposes?	<ul style="list-style-type: none"> <li>A resident individual shall produce relevant supporting documents that could confirm his or her citizenship or permanent resident status abroad, including conditional approval letters, as part of the onshore bank’s due diligence process.</li> </ul>

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7. Can a resident individual with domestic ringgit borrowing freely purchase a property abroad for his or her child as part of the child's long-term education plan over a 10-year horizon (without documentation)?	<ul style="list-style-type: none"> <li>No. A resident individual shall submit documentary evidence of committed education plan (e.g. an enrolment letter from the foreign school or institution) as part of the onshore bank's due diligence process.</li> </ul>
<b>Investment in digital assets<sup>1</sup> by residents</b>	
8. Will a resident be subject to an investment limit when purchasing digital assets traded on a registered digital asset exchange (DAX) in Malaysia?	<ul style="list-style-type: none"> <li>No, the resident is free to purchase digital assets on a registered DAX in Malaysia as long as it is settled in ringgit.</li> </ul>
9. Will a resident be subject to an investment limit when transferring digital assets maintained with a registered DAX in Malaysia to an offshore wallet?	<ul style="list-style-type: none"> <li>Yes, such transfer is subject to the applicable investment in FC asset limit as per Notice 3 for a resident with domestic ringgit borrowing.</li> </ul>
<b>Resident individual's investment in derivatives offered by non-residents</b>	
10. Can a resident individual invest in derivatives such as options and swaps offered by a non-resident?	<ul style="list-style-type: none"> <li>Yes, a resident individual is allowed to invest in <b>non-exchange rate related</b> derivatives, such as equity options, commodity futures and other similar products offered by a non-resident, subject to the permissible limit on investment in FC asset as per Notice 3, as long as it is consistent with the resident individual's risk tolerance.</li> </ul>
11. Can a resident individual with domestic ringgit borrowing invest in FC product embedded with derivatives offered by a non-resident?	<ul style="list-style-type: none"> <li>A resident individual with domestic ringgit borrowing may invest <b>up to the prudential limit of RM1 million in aggregate per calendar year</b> if the investment is sourced from conversion of ringgit or transfer from Trade Foreign Current Account (FCA).</li> </ul>
12. Can a resident individual purchase derivatives directly from a non-resident futures broker or a non-resident bank?	<ul style="list-style-type: none"> <li>Yes. A resident individual may do so subject to the permissible limit on investment in FC asset as per Notice 3 and as long as the derivative is <b>not</b> an exchange rate derivative.</li> </ul>

<sup>1</sup> For the purpose of this FAQ:

- 'Digital assets' refer collectively to digital tokens and digital currency prescribed as securities under the Capital Markets and Services (Prescription of Securities) (Digital Currency and Digital Token) Order 2019 [P.U. (A) 12/2019], as may be amended from time to time.
- 'A registered digital asset exchange (DAX)' is an electronic platform that facilitates the trading of digital assets approved by the Securities Commission Malaysia. Please refer to the list of registered DAXs approved by the SC [here](#).
- Digital assets are not recognised as legal tender in Malaysia and are not a payment instrument that is regulated by BNM. Members of the public are advised to carefully evaluate the risks when dealing in digital assets.

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13. How does a resident individual compute the amount of investment for non-exchange rate related derivatives? Is it based on notional amount or margin?	<ul style="list-style-type: none"> <li>The amount of investment for derivatives shall be computed based on the total remittance made to the resident individual's margin account maintained with the non-resident broker or the non-resident bank to facilitate the derivative transactions.</li> <li>If the resident individual's investment is to exceed the RM1 million annual aggregate limit arising from a potential margin call, prior approval from BNM is required.</li> <li>Any such application will typically take up to 14 business days from the date of full information received. Thus, a resident individual is advised to factor this in his or her risk assessment when investing in derivatives.</li> </ul>
<b>Investment in foreign currency asset by a resident entity</b>	
14. Is a resident entity without domestic ringgit borrowing subject to the investment in FC asset limit?	<ul style="list-style-type: none"> <li>No. A resident entity without domestic ringgit borrowing is free to invest <b>any amount</b> in FC asset onshore and offshore.</li> </ul>
15. How does a resident entity determine whether it has domestic ringgit borrowing?	<ul style="list-style-type: none"> <li>Domestic ringgit borrowing is any borrowing in ringgit obtained by a resident from another resident.</li> <li>For a resident entity, it is deemed to have domestic ringgit borrowing when another resident entity <b>with which it has a parent-subsidiary relationship</b> has a domestic ringgit borrowing.</li> </ul> <p><b>Note:</b> The following shall <b>not</b> be considered as domestic ringgit borrowing:</p> <ol style="list-style-type: none"> <li>A borrowing obtained from its resident direct shareholder or another resident entity with which it has a parent-subsidiary relationship.</li> <li>Any facility including credit facility or financing facility which is used for sundry expenses or employees' expenses only. <ul style="list-style-type: none"> <li>✓ <b>Sundry expenses</b> refer to small and infrequent expenses for office supplies (e.g. stationery), ancillary services (e.g. software and online subscription) and other minor expenses to facilitate daily business operations.</li> <li>✓ <b>Employees' expenses</b> refer to business-related expenses which may include, but are not limited to, travel (e.g. lodging and transportation), entertainment, health, insurance, takaful and other employees' expenses, <b>excluding</b> investment.</li> </ul> </li> </ol>

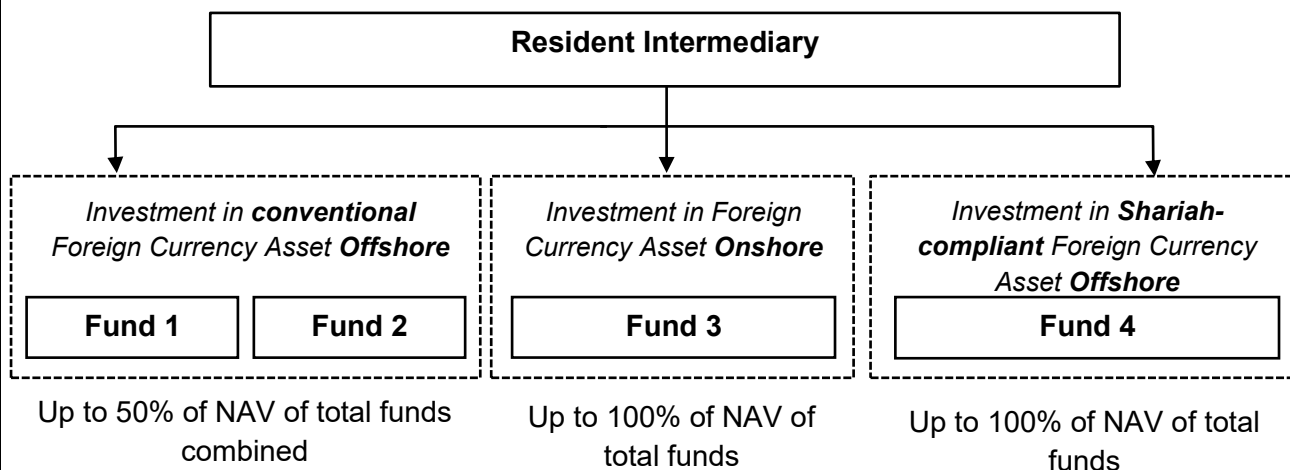
### Investment in Foreign Currency Asset (Notice 3)

Questions	Answers
16. How does a resident entity with domestic ringgit borrowing compute its total investment limit?	<ul style="list-style-type: none"> <li>The investment limit for a resident entity shall take into account the aggregate amount of investment in FC asset onshore and offshore per calendar year undertaken by <b>the resident entity and its resident group of entities with parent-subsidiary relationship</b>.</li> </ul>
17. Is a resident entity required to seek prior approval from BNM to invest in FC assets if its intended investment is to exceed the RM50 million annual aggregate limit?	<ul style="list-style-type: none"> <li>Yes, only the amount exceeding the RM50 million annual aggregate limit would require prior approval from BNM.</li> </ul>
18. Will a resident exporter be subject to a limit on investment in FC asset by placing foreign currency funds from its Trade FCA into short-term FC deposit with an onshore bank?	<ul style="list-style-type: none"> <li>The exporter is not subject to an investment limit <b>provided that</b> the short-term FC deposit is akin to a Trade FCA and the placed funds shall strictly be credited back into its Trade FCA upon maturity of the placement.</li> </ul>
19. Where can a resident entity place its proceeds from investment abroad such as investment income or dividends?	<ul style="list-style-type: none"> <li>A resident entity may place its investment income into either its Trade FCA or Investment FCA.</li> </ul>
20. Can a resident entity use income from investment abroad for other investment activities abroad?	<ul style="list-style-type: none"> <li>Yes, a resident entity can use the investment income received into its Investment FCA for further reinvestment in FC asset.</li> <li>Any investment in FC asset sourced from Trade FCA by a resident entity with domestic ringgit borrowing is subject to the RM50 million annual aggregate limit.</li> </ul>
21. Can a resident entity with domestic ringgit borrowing purchase property outside Malaysia from a non-resident for its staff posted abroad?	<ul style="list-style-type: none"> <li>Yes, subject to the RM50 million annual aggregate limit on investment in FC asset for purchase of property abroad.</li> <li>Property outside Malaysia owned by a non-resident is deemed as 'FC asset offshore'.</li> </ul>

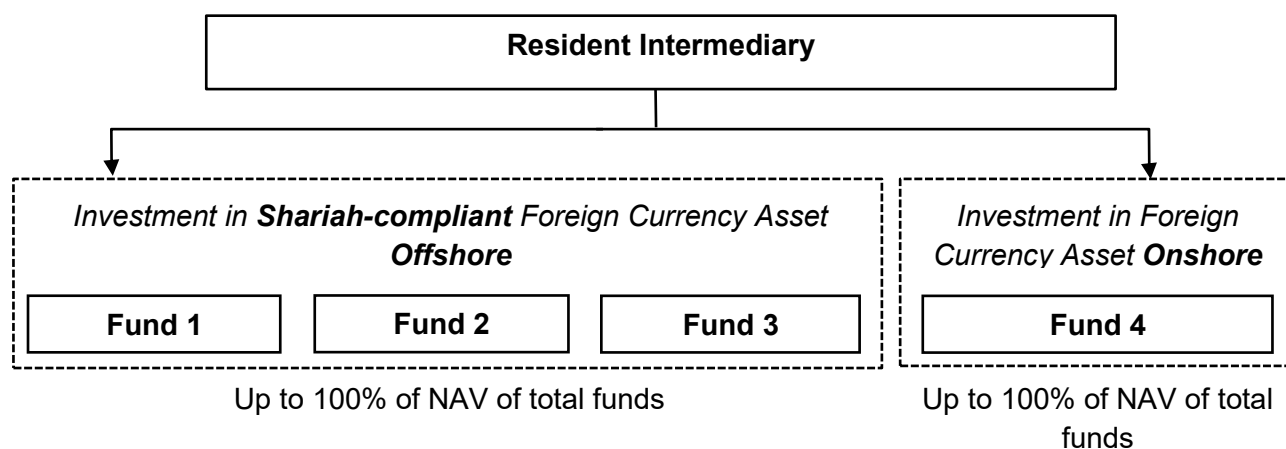
### Investment by resident intermediary

22. Computation of threshold for investment on behalf of a resident client with domestic ringgit borrowing:

#### Scenario 1



#### Scenario 2



### Investment by Single Family Office (SFO)<sup>2</sup>

23. How does an SFO determine whether it has domestic ringgit borrowing? **(new)**

- For an SFO, it is deemed to have domestic ringgit borrowing when –
  - the SFO has a domestic ringgit borrowing; and/or
  - another resident entity **with which it has a parent-subsidary relationship** has a domestic ringgit borrowing; and/or
  - a **resident individual who is the ultimate owner of the SFO** has a domestic ringgit borrowing.
- For the definition of domestic ringgit borrowing for

<sup>2</sup> Refers to the SFO Incentive Scheme spearheaded by the Securities Commission Malaysia for the Ministry of Finance.

	individuals and entities, please refer to Question 1 and Question 15.
24. How does an SFO with domestic ringgit borrowing compute its total investment limit? <i>(new)</i>	<ul style="list-style-type: none"> <li>• The SFO's investment limit shall consider the aggregate amount of investment in FC assets onshore and offshore per calendar year, which includes investment by <b>the SFO, its resident group of entities with parent-subsidiary relationship, and the resident individual(s) that is the ultimate owner(s) of the SFO.</b></li> <li>• Effectively, the SFO, the other resident entities and the resident individuals would share a combined investment limit of RM50 million per calendar year, if any of the resident individual or entity in the group has a domestic ringgit borrowing.</li> </ul>

**Bank Negara Malaysia**  
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